

DEC 11 '06

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# FLETCHER & SIPPEL LLC

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## SURFACE TRANSPORTATION BOARD

November 6, 2006

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Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W., Room 700  
Washington, DC 20006  
Attn: Office of Recordations



Dear Secretary Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are an original and two (2) copies of a Memorandum of Loan and Security Agreement, dated as of October 31, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed memorandum are:

Primary: Memorandum of Loan and Security Agreement

Secured Party:	Premier Bank 1875 Highway 36 W Roseville, Minnesota 55113
Debtor:	Progressive Rail Incorporated 21778 Highview Avenue Lakeville, Minnesota 55044-7541

A description of the railroad equipment is attached to the memorandum and includes three (3) 2001 Built Kasgro Heavy Capacity locomotives with the reporting numbers KRL 370372-KRL 370374, inclusive and one (1) 2001 Built Kasgro Heavy Capacity locomotive with the reporting number KRL 127002.

A short summary of the schedule to appear in the index follows:

Memorandum of Loan and Security Agreement

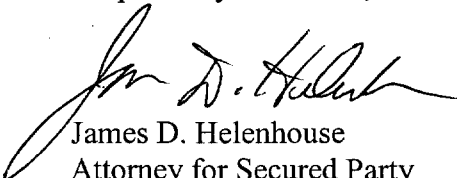
# FLETCHER & SIPPEL LLC

Mr. Vernon A. Williams  
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Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of each of the enclosed documents to the undersigned.

Respectfully submitted,



James D. Helenhouse  
Attorney for Secured Party

Enclosures

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**MEMORANDUM OF  
LOAN AND SECURITY AGREEMENT**

**SURFACE TRANSPORTATION BOARD**

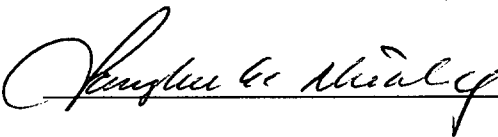
THIS MEMORANDUM OF LOAN AND SECURITY AGREEMENT (the "Memorandum") dated as of October 31, 2006, is made by and between PREMIER BANK, a Minnesota corporation (the "Bank"), and PROGRESSIVE RAIL INCORPORATED, a Minnesota corporation with its principal place of business at 21778 Highview Avenue, Lakeville, MN 55044-7541 (the "Borrower").

Borrower and the Bank hereby state the following:

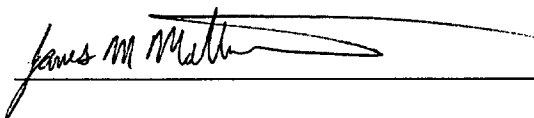
1. Borrower and the Bank are parties to that certain Loan and Security Agreement dated as of October 31, 2006 (the "Loan Agreement") (capitalized terms used herein and not otherwise defined shall have the meaning given in the Loan Agreement), whereby the Bank loaned Borrower certain funds to facilitate the purchase or financing of the Rolling Stock more specifically identified on Exhibit A attached hereto and made a part hereof (the "Rolling Stock").
2. Borrower's obligations under the Loan Agreement and other loan documents are evidenced by and payable in accordance with the Loan Agreement.
3. Pursuant to the terms of the Loan Agreement and to secure the payment and performance of any and all of Borrower's obligations to the Bank, Borrower grants to the Bank a continuing, first priority security interest in and to, and chattel mortgage lien on, all of the Borrower's right, title and interest in and to the Rolling Stock, to have and to hold all and every part of the Rolling Stock unto the Bank, its successors and assigns, for its and their own use and benefit forever.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

WITNESS:

  
\_\_\_\_\_

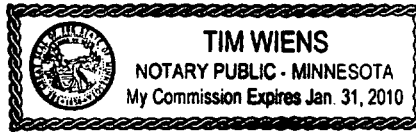
WITNESS:

  
\_\_\_\_\_PROGRESSIVE RAIL INCORPORATED, a  
Minnesota CorporationBy: Title: President

PREMIER BANK, a Minnesota Corporation

By: Title: President - Reserve Office

STATE OF MN )  
 ) SS  
COUNTY OF DALOTA )



On this 31<sup>st</sup> day of OCTOBER, 2006, before me, a Notary Public of the County and State aforesaid, personally appeared DAVID FULLIN to me personally known, who being by me duly sworn, says that (s)he is the PRESIDENT of Progressive Rail Incorporated, a Minnesota corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

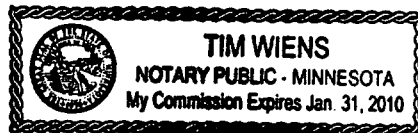
A handwritten signature of the Notary Public, Tim Wiens, in cursive script.

Notary Public

My Commission Expires:

01-31-10

STATE OF MN )  
 ) SS  
COUNTY OF DALOTA )



On this 31<sup>st</sup> day of OCTOBER, 2006, before me, a Notary Public of the County and State aforesaid, personally appeared JEAN REGAN to me personally known, who being by me duly sworn, says that (s)he is ~~PRESIDENT~~ REGAN of Premier Bank, a Minnesota corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

A handwritten signature of the Notary Public, Tim Wiens, in cursive script.

Notary Public

My Commission Expires:

01-31-10

## **EXHIBIT A**

Three (3) 2001 Built Kasgro Heavy Capacity  
370 Ton, 12-Axle Flat Cars with 48' Decks  
Car Reporting Marks and Numbers  
KRL 370372 – KRL 370374, Inclusive

One (1) 2001 Built Kasgro Heavy Capacity  
245 Ton, 12-Axle Flat Car with 70' Deck  
Car Reporting Mark and Number  
KRL 127002